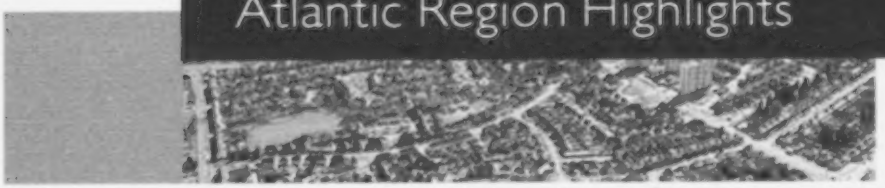
HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK

Atlantic Region Highlights



Canada Mortgage and Housing Corporation

Date Released: Third Quarter 2008

Atlantic Housing Outlook Will Remain Weak

Figure 1

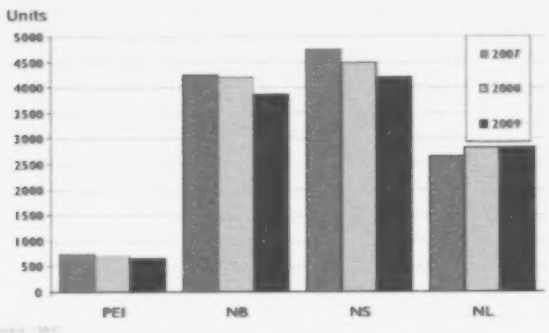
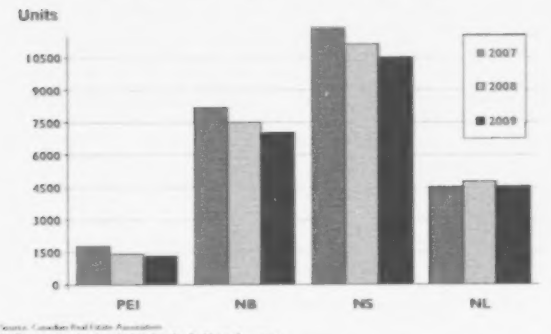


Figure 2



Overview

Housing starts will decline moderately in 2008 for Atlantic Canada. An increase in singles activity during the first half of the year has provided the backdrop for an improvement in the current forecast. However, an anticipated pick-up in multiple starts is being held back by a lack of apartment starts so far in 2008. The strongest level of growth in overall activity for 2008 will occur in Newfoundland and Labrador.

Prices Continue to Rise

The price of existing homes continues to rise, with prices already up close to seven per cent so far in 2008. However, the current increase in inventory should limit any further upside to prices for the remainder of the year. New home prices are also rising, although outside of significant increases in Halifax and St. John's, the effects of price inflation from labor and materials are not having as strong an impact on prices in 2008.

Canada

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MLS® Sales to Decline

For 2008, sales activity is expected to decline close to six per cent across the region, except in Newfoundland and Labrador, where sales should rise close to six per cent. The overall level of sales activity continues to be supported by an improving outlook for migration to the region (interprovincial and international) and positive employment growth. There is some risk to the forecast though, as consumer confidence has recently declined and income growth is not expected to be as strong in 2008.

Housing Forecast

The rebound in housing activity in 2007, which was due to a rise in single starts, is not expected to carry over for the remainder of 2008 and into 2009. However, the rise in energy costs is currently providing builders with an opportunity to sell consumers on new construction with increased energy efficiency.

Multiple starts are expected to decline in 2008 and remain relatively flat in 2009.

Row and semi-detached starts are expected to remain popular across Atlantic Canada, as the current price of housing is forcing some consumers to shift away from single-detached units.

Strong price growth and higher mortgage carrying costs will also ease demand for existing homes in the region in 2008 and 2009.

Economic Forecast

The expectation for 2008 is that consumers will be more reluctant to spend, as higher energy prices constrain consumer pocketbooks. The high Canadian dollar and rising energy prices are also affecting the competitiveness of sectors that rely on exporting, including forestry, fisheries, travel and tourism.

For Newfoundland and Labrador, oil and mineral exports, combined with the addition of new investment activity from the Hebron project, will drive economic growth for the province upward. However, declines in offshore oil production will dampen the outlook somewhat. The fishery will also continue to be challenged by a strong Canadian dollar and high fuel costs.

For Prince Edward Island, a rise in investment in non-residential construction is partially offsetting some of the weakness in residential activity in 2008. The tourism sector is also being hit by the higher Canadian dollar, as well as the normal decline in travel by Americans in an election year.

The Nova Scotia economy continues to face many challenges, as industries and companies together struggle to remain competitive in a global economy. Growth in non-residential investment activity and specific components of the service sector, including financial, professional and scientific, and information and culture, will be the main supporters for growth. The outlook is also supported by the Deep Panucke project, which should add to growth in late 2008 as well as 2009.

For the New Brunswick economy, a strong dependence on exports will hamper future economic growth due to the slowdown in the United States. The LNG terminal project and the refurbishment of the Point Lepreau generating station in the Saint John area, as well as the expansion of the Potash Corp. facility in Sussex, will continue to fuel non-residential construction activity.

Mortgage rates		
1 Year	Q2 2008	6.68
	% pt. chg from Q2 2007	-0.15
	2008 (F)	6.82
	2009 (F)	6.84
5 Year	Q2 2008	6.93
	% pt. chg from Q2 2007	-0.08
	2008 (F)	7.12
	2009 (F)	7.42

Source: Bank of Canada, CMHC Forecast

Atlantic Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA[2] (%)	Unemp. Rate SA[2] (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
St. John's	Q2 2008	3.2	7.8	762.24	Q2 2008	456	368	88	1,084	$169,942
	Q2 2007	1.4	6.6	687.05	Q2 2007	378	316	62	992	$146,509
	Change[1]	1.8	1.2	10.9%	% Change	20.6	16.5	41.9	9.3	16.0
Charlottetown[1]	Q2 2008	5.2	6.8	n/a	Q2 2008	143	90	53	128	$175,042
	Q2 2007	0.3	6.0	n/a	Q2 2007	151	91	60	174	$172,590
	Change[1]	4.9	0.7	-	% Change	-5.3	-1.1	-11.7	-26.4	1.4
Halifax[2]	Q2 2008	0.9	5.4	699.08	Q2 2008	612	359	253	2,270	$234,514
	Q2 2007	0.1	5.8	689.44	Q2 2007	681	323	358	2,382	$219,482
	Change[1]	0.8	-0.4	1.4%	% Change	-10.1	11.1	-29.3	-4.7	6.8
Fredericton	Q2 2008	-2.7	4.6	n/a	Q2 2008	263	143	120	842	$165,960
	Q2 2007	10.8	4.1	n/a	Q2 2007	158	123	35	866	$154,529
	Change[1]	-13.5	0.5	-	% Change	66.5	16.3	242.9	-2.8	7.4
Moncton	Q2 2008	2.9	5.9	658.54	Q2 2008	532	209	323	902	$143,892
	Q2 2007	-2.5	4.9	625.64	Q2 2007	397	183	214	890	$140,471
	Change[1]	5.4	1.0	5.3%	% Change	34.0	14.2	50.9	1.3	2.4
Saint John	Q2 2008	-0.6	6.1	720.99	Q2 2008	207	147	60	690	$166,349
	Q2 2007	5.3	4.8	702.09	Q2 2007	252	133	119	675	$140,687
	Change[1]	-5.9	1.3	2.7%	% Change	-17.9	10.5	-49.6	2.2	18.2
NL	June 08	1.8	13.1	728.18	Q2 2008	863	731	132	1,084	$169,942
	June 07	0.3	13.1	663.72	Q2 2007	665	567	98	992	$146,509
	Change[1]	1.5	0.0	9.7%	% Change	29.8	28.9	34.7	9.3	16.0
PEI	June 08	2.6	10.1	637.41	Q2 2008	241	169	72	307	$137,253
	June 07	0.7	10.5	599.04	Q2 2007	234	158	76	454	$132,190
	Change[1]	1.9	-0.4	6.4%	% Change	3.0	7.0	-5.3	-32.4	3.8
NS	June 08	2.2	7.6	665.97	Q2 2008	1,086	761	325	3,746	$197,861
	June 07	1.3	8.1	653.27	Q2 2007	1,250	765	485	3,878	$189,329
	Change[1]	0.9	-0.5	1.9%	% Change	-13.1	-0.5	-33.0	-3.4	4.5
NB	June 08	-0.7	9.7	669.27	Q2 2008	1,414	794	620	2,587	$153,403
	June 07	2.5	6.9	641.85	Q2 2007	1,281	847	434	2,602	$141,522
	Change[1]	-3.3	2.8	4.3%	% Change	10.4	-6.3	42.9	-0.6	8.4
Atlantic Region	June 08	1.1	9.6	696.82	Q2 2008	3,604	2,455	1,149	7,724	$176,643
	June 07	1.5	8.9	648.10	Q2 2007	3,430	2,337	1,093	7,926	$165,002
	Change[1]	-0.3	0.7	7.5%	% Change	5.1	5.0	5.1	-2.5	7.1
Canada	June 08	1.7	6.2	777.73	Q2 2008	62,087	29,267	32,820	146,219	$315,760
	June 07	2.1	6.1	744.90	Q2 2007	64,615	35,673	28,942	168,790	$310,161
	Change[1]	-0.3	0.1	4.4%	% Change	-3.9	-18.0	13.4	-13.4	1.8

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[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

[2]Seasonally adjusted Labour Force data is not available for Charlottetown, Fredericton, Moncton and, therefore, raw data was used.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, [1]PEI Real Estate Association, [2]Nova Scotia Association of Realtors

"SA" means Seasonally Adjusted

Atlantic Region Housing Forecast - New Construction

	Housing Starts	2007	2008(F)	% chg (2007/2008)	2009(F)	% chg (2008/2009)	YTD 2008	YTD 2007	% chg (2007/2008)
St. John's	Single-Detached	1,174	1,400	19.3	1,450	3.6	509	397	28.2
	Multiple	306	325	6.2	300	-7.7	119	126	-5.6
	Total	1,480	1,725	16.6	1,750	1.4	628	523	20.1
Charlottetown	Single-Detached	295	275	-6.8	225	-18.2	114	111	2.7
	Multiple	99	100	1.0	125	25.0	68	62	9.7
	Total	394	375	-4.8	350	-6.7	182	173	5.2
Halifax	Single-Detached	1,207	1,275	5.6	1,075	-15.7	563	464	21.3
	Multiple	1,282	1,200	-6.4	1,375	14.6	472	672	-29.8
	Total	2,489	2,475	-0.6	2,450	-1.0	1,035	1,136	-8.9
Fredericton	Single-Detached	432	475	10.0	430	-9.5	198	157	26.1
	Multiple	204	225	10.3	190	-15.6	124	37	235.1
	Total	636	700	10.1	620	-11.4	322	194	66.0
Moncton	Single-Detached	655	675	3.1	620	-8.1	243	229	6.1
	Multiple	770	805	4.5	740	-8.1	366	282	29.8
	Total	1,425	1,480	3.9	1,360	-8.1	609	511	19.2
Saint John	Single-Detached	412	480	16.5	440	-8.3	219	165	32.7
	Multiple	275	300	9.1	300	0.0	153	171	-10.5
	Total	687	780	13.5	740	-5.1	372	336	10.7
NL	Single-Detached	2,184	2,425	11.0	2,450	1.0	908	692	31.2
	Multiple	465	400	-14.0	375	-6.3	163	167	-2.4
	Total	2,649	2,825	6.6	2,825	0.0	1,071	859	24.7
PEI	Single-Detached	573	525	-8.4	475	-9.5	213	208	2.4
	Multiple	177	175	-1.1	175	0.0	93	88	5.7
	Total	750	700	-6.7	650	-7.1	306	296	3.4
NS	Single-Detached	2,887	2,850	-1.3	2,500	-12.3	1,130	1,078	4.8
	Multiple	1,863	1,625	-12.8	1,700	4.6	654	842	-22.3
	Total	4,750	4,475	-5.8	4,200	-6.1	1,784	1,920	-7.1
NB	Single-Detached	2,733	2,650	-3.0	2,450	-7.5	1,031	1,035	-0.4
	Multiple	1,509	1,550	2.7	1,425	-8.1	818	569	43.8
	Total	4,242	4,200	-1.0	3,875	-7.7	1,849	1,604	15.3
Atlantic Region	Single-Detached	8,377	8,450	0.9	7,875	-6.8	3,282	3,013	8.9
	Multiple	4,014	3,750	-6.6	3,675	-2.0	1,728	1,666	3.7
	Total	12,391	12,200	-1.5	11,550	-5.3	5,010	4,679	7.1
Canada	Single-Detached	118,917	97,925	-17.7	93,225	-4.8	44,596	54,894	-18.8
	Multiple	109,426	117,550	7.4	100,875	-14.2	61,101	50,437	21.1
	Total	228,343	215,475	-5.6	194,100	-9.9	105,697	105,331	0.3

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast

Atlantic Region Housing Forecast - Resale Market

		2007	2008(F)	% chg (2007/2008)	2009(F)	% chg (2008/2009)	YTD 2008	YTD 2007	% chg (2007/2008)
St. John's	MLS® Sales(#)	4,471	4,750	6.2	4,500	-5.3	1,797	1,616	11.2
	MLS® Avg. Price ($)	149,258	171,500	14.9	182,500	6.4	164,788	143,288	15.0
Charlottetown[1]	MLS® Sales(#)	650	500	-23.1	500	0.0	259	278	-6.8
	MLS® Avg. Price ($)	166,244	173,000	4.1	175,000	1.2	174,591	167,403	4.3
Halifax[2]	MLS® Sales(#)	6,938	6,400	-7.8	6,000	-6.3	3,594	3,930	-8.5
	MLS® Avg. Price ($)	215,018	228,000	6.0	233,000	2.2	229,710	214,142	7.3
Fredericton	MLS® Sales(#)	2,448	2,250	-8.1	2,125	-5.6	1,211	1,360	-11.0
	MLS® Avg. Price ($)	141,117	151,500	7.4	158,000	4.3	159,866	146,904	8.8
Moncton	MLS® Sales(#)	2,849	2,750	-3.5	2,600	-5.5	1,435	1,481	-3.1
	MLS® Avg. Price ($)	140,032	147,000	5.0	151,500	3.1	145,149	139,951	3.7
Saint John	MLS® Sales(#)	2,253	2,150	-4.6	2,000	-7.0	1,086	1,122	-3.2
	MLS® Avg. Price ($)	140,544	155,000	10.3	163,000	5.2	160,141	142,760	12.2
NL	MLS® Sales(#)	4,471	4,750	6.2	4,500	-5.3	1,797	1,616	11.2
	MLS® Avg. Price ($)	149,258	171,500	14.9	182,500	6.4	164,788	143,288	15.0
PEI	MLS® Sales(#)	1,769	1,400	-20.9	1,300	-7.1	523	700	-25.3
	MLS® Avg. Price ($)	133,457	138,000	3.4	140,000	1.4	136,186	128,689	5.8
NS	MLS® Sales(#)	11,857	11,100	-6.4	10,500	-5.4	5,892	6,269	-6.0
	MLS® Avg. Price ($)	180,989	190,000	5.0	194,500	2.4	194,132	184,970	5.0
NB	MLS® Sales(#)	8,161	7,500	-8.1	7,000	-6.7	3,962	4,222	-6.2
	MLS® Avg. Price ($)	136,603	143,000	4.7	146,000	2.1	149,781	139,539	7.3
Atlantic Region	MLS® Sales(#)	26,259	24,750	-5.7	23,300	-5.9	12,174	12,807	-4.9
	MLS® Avg. Price ($)	158,589	169,266	6.7	174,571	3.1	172,878	161,657	6.9
Canada	MLS® Sales(#)	520,192	458,300	-11.9	446,600	-2.6	251,550	289,525	-13.1
	MLS® Avg. Price ($)	307,306	317,450	3.3	327,000	3.0	313,610	302,813	3.6

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Source: CREA, [1]PEI Real Estate Association, [2]Nova Scotia Association of Realtors
(F) = CMHC Forecast YTD (January-August)

Atlantic Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2007	Oct 2008(F)	Oct 2007	Oct 2008(F)
St. John's	2.6	2.5	614	675
Charlottetown	4.3	4.0	659	670
Halifax	3.1	3.5	815	840
Fredericton	6.5	6.0	701	725
Moncton	4.3	4.8	643	660
Saint John	5.2	4.8	570	590
Canada[1]	2.6	4.8	n/a	n/a

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
[1] All centres 100,000+

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